

Bay County Equalization Department



Understanding Your
Assessed Value,
Taxable Value and
Property Taxes

Assessment

- The assessed value is determined by the local assessor based on the condition of the property as of December 31st (also known as Tax Day) of the previous year. December 31, 2014 for the 2015 Assessment Year.
- Assessed Value is 50% of True Cash Value.
- Each year, the local assessor must calculate the assessed value for every property based upon the time frame set forth by the State Tax Commission.
 - The State Tax Commission ordered the use of two year sales studies for the 2015 starting base for the residential class for all local units.
 - **For 2015 assessments, the 24 month sales study begins October 1, 2012 and ends September 30, 2014.**
- Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, property taxes are now based upon Taxable Value.

Actual Sale Price is not True Cash Value

- The law defines True Cash Value as the **usual** selling price of a property. The Legislature and the Courts have very clearly stated that **the actual selling price of a property is not a controlling factor in the True Cash Value or State Equalized Value** as calculated by the Assessor. For this reason, when analyzing sales for the purpose of determining assessment changes, the Assessing Office will review all sales but exclude non-representative sales from the assessment analysis.

Foreclosure Sales

- Inherent in the definition on usual selling price is the assumption that the sale does not involve any element of distress from either party.
- The State Tax Commission has issued guidelines concerning foreclosure sales and, generally speaking, these guidelines preclude the Assessor from considering foreclosure sales when calculating values for assessment purposes.
- For this reason, all distressed sales, such as sales involving **mortgage foreclosure** or sales involving transfers to or from relocation companies, are not considered as typical sales in the valuation of property for assessment purposes nor are they reliable indicators of value when making market comparisons for current assessed values or appeals.

Equalization Process

- First, as stated previously, the local Assessor determines the assessed value.
- Second, the Board of Commissioners in each county equalizes the values to ensure that property owners in all municipalities within the county pay their share of that unit's taxes.
- Third, the State Tax Commission then applies an adjustment factor to the county assessments to bring the total valuation across counties as close to 50% as possible. This process produces the property's state equalized value, or SEV.

Proposal A

- On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A.
- Proposal A was designed to limit the growth in property taxes by the Inflation Rate Multiplier (IRM) until ownership in the property was transferred.

How it works

- Each property has a Capped Value. Capped Value is calculated by multiplying the prior year's Taxable Value, with adjustments for additions and losses, by the IRM as calculated by the State of Michigan and cannot increase by more than 5%. **For 2015, the IRM has been calculated at 1.6%.**
- Taxable Value (TV), which property taxes are based on, is defined as the **lower** of State Equalized Value or Capped Value.
- Generally speaking, this means that unless the current year SEV is less than the previous year Taxable Value multiplied by the IRM, the current years Taxable Value will increase by the IRM.

SEV = 50% of True Cash Value

Capped Value = (Prior TV-Losses) x (1+ IRM*) + Additions

* Percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier

Taxable Value = The lesser of State Equalized Value or Capped Value unless there is a transfer of ownership.

Transfers of Ownership and Uncapping of Taxable Value

- According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV becomes that year's Taxable Value. In other words, if you purchased a property in 2014, the Taxable Value for 2015 will be the same as the 2015 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership. It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer.
- **Again, it is important to note that a property does not uncap to the selling price but to the SEV in the year following the transfer of ownership.**

Principal Residence Exemption

- If you **own and occupy** your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your “Notice of Assessment”.
- If the percentage exempt as “Principal Residence” is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessor’s Office.
- Furthermore, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor’s Office.

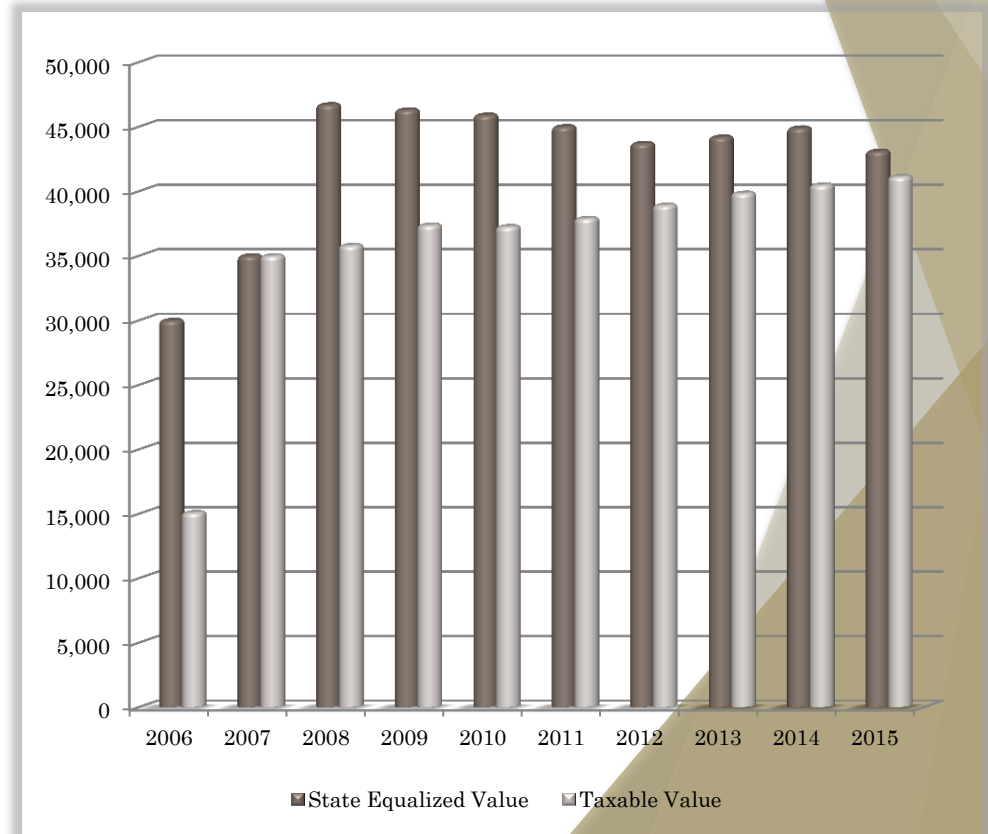
How can my Taxable Value go up when my SEV goes down?

- Remember that the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the IRM. (1.6% for 2015). Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the IRM. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. **If there is still a gap between SEV and Taxable Value and the 2015 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the IRM cap.**
- If, however, the 2015 SEV is **lower** than the calculation of last year's Taxable Value multiplied by the IRM, then the 2015 Taxable Value will be the same as the 2015 SEV.

Example of Declining State Equalized Value and Increasing Taxable Value

- This example illustrates a property, purchased in 2006 and uncapped in 2007. In 2007 the SEV becomes the new Taxable Value and then the property is subsequently recapped at the IRM. The SEV will increase or decrease based on market conditions. The Capped Value is adjusted by the IRM in the following year. Taxable Value is determined by using the SEV or Capped Value, whichever is less.

Year	State Equalized Value	Capped Value	Taxable Value	CPI
2006	30,000	15,100	15,100	3.30%
2007	35,000	15,658	35,000	3.70%
2008	46,700	35,805	35,805	2.30%
2009	46,300	37,380	37,380	4.40%
2010	45,900	37,267	37,267	-0.30%
2011	45,000	37,900	37,900	1.70%
2012	43,700	38,923	38,923	2.70%
2013	44,200	39,857	39,857	2.40%
2014	44,900	40,494	40,494	1.60%
2015	43,100	41,141	41,141	1.60%



Calculating Your Taxes

- Property owners can calculate their tax bill by multiplying their taxable value by the millage rate.
- FOR EXAMPLE, if the millage rate is 20 mills, property taxes on a home with a taxable value of \$45,000 would be \$900. The mathematical equation illustrates how this is figured: $(20/1,000) \times \$45,000 = \900
- Administration Fee: This fee is based upon the amount of property tax paid and is limited to one percent (1%). This helps cover the Township/City costs to determine and defend annual assessments and collect taxes for all taxing authorities.
- To figure the amount due in administration fees on a home with a taxable value of \$45,000, see the following example:
 - $\$900 \text{ property taxes} \times 0.01 = \9.00
- Total Taxes Due: In the example above, the administration fee of \$9 added to \$900 in property tax would equal a total of \$909 owed.

Bay County 2014 Millage Rates

<u>Unit</u>	<u>School District</u>	<u>Twp/City Operating</u>	<u>County Operating Extra Voted</u>	<u>State Education Tax</u>	<u>Non PRE/Q Ag Tax</u>	<u>School Bonded Debt</u>	<u>Intermediate School District</u>	<u>Delta College</u>	<u>Total PRE/Q Ag (Homestead)</u>	<u>Total Non PRE/Q Ag</u>	<u>Commercial Personal Property</u>	<u>Industrial Personal Property</u>
Bangor Township	09030 - Bangor	2.6464	11.4638	6.0000	18.0000	2.1700	4.9233	2.0427	29.2462	47.2462	35.2462	23.2462
Beaver Township	09010 - Bay City	4.6582	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	32.0780	50.0780	38.0780	26.0780
	09090 - Pinconning	4.6582	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	32.3380	50.3380	38.3380	26.3380
Frankenlust Township	09010 - Bay City	2.1952	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	29.6150	47.6150	35.6150	23.6150
	73200 - Freeland	2.1952	11.4638	6.0000	18.0000	4.2000	2.0872	2.0427	27.9889	45.9889	33.9889	21.9889
Fraser Township	09090 - Pinconning	3.1536	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	30.8334	48.8334	36.8334	24.8334
Garfield Township	09090 - Pinconning	2.5663	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	30.2461	48.2461	36.2461	24.2461
Gibson Township	06050 - Standish/Sterling	2.0921	11.4638	6.0000	18.0000	5.1000	4.9233	2.0427	31.6219	49.6219	37.6219	25.6219
	09090 - Pinconning	2.0921	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	29.7719	47.7719	35.7719	23.7719
Hampton Township	09010 - Bay City	6.6500	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	34.0698	52.0698	40.0698	28.0698
	09050 - Essex/Hampton	6.6500	11.4638	6.0000	18.0000	3.1500	4.9233	2.0427	34.2298	52.2298	40.2298	28.2298
Kawkawlin Township	09010 - Bay City	3.1208	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.5406	48.5406	36.5406	24.5406
	09090 - Pinconning	3.1208	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	30.8006	48.8006	36.8006	24.8006
Merritt Township	09010 - Bay City	2.6535	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.0733	48.0733	36.0733	24.0733
	79110 - Reese/Tuscola	2.6535	11.4638	6.0000	17.7372	4.6000	4.2409	2.0427	31.0009	48.7381	36.7381	25.0009
Monitor Township	09010 - Bay City	3.9284	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.3482	49.3482	37.3482	25.3482
Mt. Forest Township	09090 - Pinconning	3.4624	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	31.1422	49.1422	37.1422	25.1422
Pinconning Township	06050 - Standish/Sterling	1.1759	11.4638	6.0000	18.0000	5.1000	4.9233	2.0427	30.7057	48.7057	36.7057	24.7057
	09090 - Pinconning	1.1759	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	28.8557	46.8557	34.8557	22.8557
Portsmouth Township	09010 - Bay City	4.2766	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.6964	49.6964	37.6964	25.6964
Williams Township	09010 - Bay City	4.4000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.8198	49.8198	37.8198	25.8198
City of Auburn	09010 - Bay City	12.0000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	39.4198	57.4198	45.4198	33.4198
City of Bay City	09010 - Bay City	21.3365	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	48.7563	66.7563	54.7563	42.7563
	09030 - Bangor	21.3365	11.4638	6.0000	18.0000	2.1700	4.9233	2.0427	47.9363	65.9363	53.9363	41.9363
City of Essexville	09050 - Essex/Hampton	20.7000	11.4638	6.0000	18.0000	3.1500	4.9233	2.0427	48.2798	66.2798	54.2798	42.2798
City of Pinconning	09090 - Pinconning	14.6736	11.4638	6.0000	18.0000	3.2500	4.9233	2.0427	42.3534	60.3534	48.3534	36.3534
City of Midland	09010 - Bay City	15.0400	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	42.4598	60.4598	48.4598	36.4598

** Does not include DDA millage. Add 1.9260 in the City of Bay City, 1.0000 in the City of Essexville & 2.0000 in the City of Midland for properties in the DDA district.

Appeal Process

- If a taxpayer disagrees with the assessed value, taxable value, or assessment classification of property, they may appeal to the local board of review. Township review boards meet in the week containing the second Monday in March to hear protest.
- If the taxpayer is unsatisfied with the local board of review results, they may then appeal to the Michigan Tax Tribunal.

Additional Information

- Michigan Department of Treasury – Property Tax Info.
<http://www.michigan.gov/taxes/0,1607,7-238-43535---,00.html>
- Michigan Department of Treasury Property Tax Estimator:
<https://treas-secure.state.mi.us/ptestimator/ptestimator.asp>
- Michigan Taxpayer's Guide
<http://www.legislature.mi.gov/Publications/TaxPayerGuide2014.pdf>
- Michigan Tax Tribunal
<http://www.michigan.gov/taxtrib>

Contact Information

<u>Township</u>	<u>Assessor</u>	<u>Telephone #</u>
Bangor	Dan Darland	(989) 684-7100
Beaver	Joan Fackler	(989) 843-6000
Frankenlust	Paul Arnold	(989) 686-5300
Fraser	Steven Coucke	(989) 697-5151
Garfield	Brent Rifembark	(989) 879-1222
Gibson	Joan Fackler	(989) 843-6000
Hampton	David Swinson	(989) 893-7541
Kawkawlin	Joan Fackler	(989) 686-8710
Merritt	Patti Peltier	(989) 659-2136
Monitor	Margaret Ford	(989) 684-7304
Mt Forest	Sharon Stalsberg	(989) 879-7575
Pinconning	Sharon Stalsberg	(989) 879-4018
Portsmouth	Patti Peltier	(989) 892-7221
Williams	Paul Arnold	(989) 662-4241
<u>City</u>	<u>Assessor</u>	<u>Telephone #</u>
Auburn	Patti Peltier	(989) 662-6761
Bay City	Stacey Bassi	(989) 894-8123
Essexville	David Swinson	(989) 893-0772
Midland	Reid Duford	(989) 837-3334
Pinconning	Paul Arnold	(989) 879-2360
Bay County Equalization Department		(989) 895-4075